

## **EXHIBIT A**

### SETTLEMENT AGREEMENT AND MUTUAL GENERAL RELEASE

The parties to this Settlement Agreement and Mutual General Release, (the "Agreement"), entered into this \_\_\_\_ day of February, 2008 are AMERICAN SERVICE INSURANCE COMPANY, an Illinois insurance company, (hereinafter referred to as "ASI") as parties of the first part, and NAFTA GENERAL AGENCY, a Texas corporation ("NAFTA"), UNDERWRITERS MGA, Inc., a Texas corporation (UMGA"), ALMEX SEGUROS, S.A. de C.V. ("ALMEX"), ASESORES de RIESGOS INTERNACIONALES DE MEXICO, S.A. de C.V. ("ARIMEX"), ASESORES de RIESGOS INTERNACIONALES, S.A. de C.V., ("INTERNATIONAL"), International Underwriters General Agency, Inc. ("IUGA"), EAGLE MGA, INC., a Texas corporation, RAMON VILLARREAL, DANIEL HERNANDEZ, ALEJANDRO VILLARREAL, ALBERTO VILLARREAL AND LUPITA PELACHE (referred to incorrectly as "Pelanche" in the PMA), all other than ASI collectively referred to as "Parties of the second part," all parties being sometimes referred to individually as "Party" or collectively as "Parties."

### RECITALS

WHEREAS, ASI and NAFTA entered into a Program Manager Agreement ("PMA") effective July 1, 2006, for the issuance by ASI of personal and commercial non resident automobile insurance policies to Mexican nationals coming into the United States pursuant to the North American Free Trade Agreement. Per the Agreement, NAFTA agreed to act as the agent or manager of the insurance program with their duties including, inter alia, soliciting, issuing and servicing policies, collecting premiums and depositing the same into a Premium account for remittance to ASI.

WHEREAS, on or about February 23, 2007, UMGA, ALMEX, and ARIMEX were appointed as additional managers per the PMA. On or about June 12, 2007, INTERNATIONAL, IUGA and ALEJANDRO VILLARREAL were also added as parties to the PMA. RAMON VILLARREAL is a licensee of NAFTA and guarantor of NAFTA and UMGA's obligations under the PMA. DANIEL HERNANDEZ is Director of operations for NAFTA and per the PMA was given binding authority to bind the nonresident insurance policies the subject of the PMA. LUPITA PELACHE was also listed as an individual having binding authority per the PMA.

WHEREAS, on November 7, 2007, ASI notified NAFTA and UMGA that it intended to terminate the PMA based upon asserted excessive loss ratios, effective November 12, 2007. On November 15, 2007, ASI, NAFTA and UMGA agreed to extend the PMA until December 31, 2007, at which time the PMA would be terminated.

WHEREAS, on December 28, 2007, UMGA filed suit in Hidalgo County, Texas, against ASI, Case Number C-3094-07-A, and received an ex-parte temporary restraining order (TRO-1) purporting to extend the PMA termination based upon UMGA's challenge of the Loss ratio figures. NAFTA intervened in that case as an additional plaintiff. On January 11, 2008, a preliminary injunction hearing was held and the ex-parte TRO-1) was extended one business day until January 14, 2008 at 5:00 P.M.


TO

WHEREAS, on January 14, 2008, NAFTA filed suit in Cameron County, Texas, against ASI, Case Number 2008-01-0188, and received another ex-parte temporary restraining order (TRO-2) purporting to extend the PMA termination based upon NAFTA's challenge of the Loss ratio figures. Said TRO-2 expired on January 24, 2008.

WHEREAS, on January 21, 2008, ASI filed suit in the United States District Court for the Northern District of Illinois, Eastern Division, entitled, AMERICAN SERVICE INSURANCE COMPANY v. NAFTA, UMGA and RAMON VILLARREAL, Case No. 08 CV 443, seeking relief including a temporary restraining order prohibiting the further writing of any insurance policies per the PMA, an order prohibiting any further lawsuits from being filed by NAFTA or UMGA, and providing the immediate turnover of documents and the payment of monies per the PMA. On January 22, 2008, a TRO was issued providing the relief requested and a preliminary injunction hearing set for February 4, 2008. On February 4, 2008, after argument of counsel, the court issued an agreed injunction prohibiting the further issuing policies by NAFTA, UMGA and any of their agents, employees, affiliates or anyone acting in concert with them until further order of court.

WHEREAS, on January 23, 2008, *Underwriters MGA, Inc. v. American Service Insurance, et al.*, Hidalgo County, Texas Case No. C-3094-07-A ("the Hidalgo County case") was removed to Texas Federal court. On January 25, 2008, *NAFTA General Agency, Inc. v. American Service Insurance*, Cameron County, Texas Case No. 2008-01-0188-C ("the Cameron County, Texas case") was removed to Texas federal court.

WHEREAS, ASI, UMGA and EAGLE MGA, Inc. also entered into an Agreement entitled Program Manager Agreement effective January 1, 2007 for the Texas Private Passenger Auto insurance program (different and unrelated to the previously identified Program Manager Agreement which pertained only to the Nonresident auto insurance Program). On February 11, 2008, ASI terminated that Agreement by providing written notice to UMGA and Eagle per the Agreement effective ninety (90) days from the date of the Notice or May 11, 2008.

WHEREAS, THE PARTIES have agreed to settle all the pending matters and litigation between them and dismiss the two (2) pending cases in Texas Federal court and the Illinois Federal court action with prejudice, subject to the terms and conditions contained herein, and with the caveat that this Settlement Agreement shall be filed with the Federal court in Illinois and shall be entered as an Agreed Permanent Injunction Order and that Court shall retain jurisdiction over all parties to this Settlement Agreement for the purposes of enforcing the Settlement Agreement and its Order. 

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL PROMISES HEREIN CONTAINED, THE PARTIES HEREBY AGREE TO SETTLE FULLY ALL DISPUTES OF ANY KIND AND NATURE BETWEEN THEM UPON THE FOLLOWING TERMS AND CONDITIONS:

TERMS

1. NAFTA and UMGA shall pay to ASI the sum of Three Hundred Fifty Thousand Dollars (\$350,000) (hereinafter the "Payment"), which said sums shall be paid to ASI via wire transfer to ASI's Premium Fund Trust Account held at LaSalle Bank, NA bearing Account number 2153492 and ABA number 071000505, which wire transfers shall be as follows: \$250,000 shall occur on or before March 10, 2008; \$50,000 shall occur on or before April 1, 2008; \$50,000 shall occur on or before May 1, 2008.

2 All parties agree that the PMA is terminated as of May 31, 2008, with no extensions, and without any ability to challenge the validity of the termination date.

3. No person or entity to this agreement shall solicit, sell, issue or renew any insurance policy to be issued by ASI per the PMA non resident program after March 31, 2008, and the parties all agree that all binding authority is suspended as of April 15, 2008, without any notice requirements, with no extensions and without any ability to challenge the validity of the suspension of binding authority date, the parties specifically waiving any and all challenges and or issues that may or could have been raised regarding the validity of the suspension of binding authority date. ASI and only ASI in their sole and absolute discretion, may elect to allow policies under the PMA nonresident program to be issued after April 15, 2008 and until May 31, 2008, which said sole and absolute discretion shall not be subject to any challenge or review and the parties waive any and all challenges and or issues that may or could have been raised regarding the validity of the exercise of ASI's absolute discretion in determining any extension of the binding authority date after April 15, 2008. Regardless of whether ASI affords the parties additional binding authority after April 15, 2008, under no circumstances shall the PMA or any ability to solicit, sell, issue or renew ASI insurance policies under the PMA ever extend beyond May 31, 2008. During any period of continuation of the PMA Nonresident Program, all premiums and fees generated shall be forwarded to ASI monthly consistent with the terms of the November 15, 2007, letter sent from ASI to Underwriters MGA, which said letter specified that 100% of all premiums and fees generated by Policies written by NAFTA/UMGA shall be sent to ASI. This shall also apply to any premiums and fees generated by any other entity or person a party to this Agreement including but not limited to the ALMEX, ARIMEX, INTERNATIONAL AND IUGA. The monthly payments of all fees and premiums generated shall be payable regardless of whether or not they are received by the parties of the second part. The rates charged for any nonresident program business shall be based upon the November 15, 2007, rate pages as referenced in the November 15, 2007 Letter from ASI to UMGA. During any period of continuation of the PMA Nonresident Program, no commercial policies shall be issued for a term exceeding 6 months. The parties agree that ASI shall retain at all times sole and exclusive binding authority as to any commercial policies written during any such period of continuation of the PMA Nonresident Program. The parties agree that, except to the extent that the parties are expressly permitted to issue ASI policies during a period of continuation of the PMA Nonresident Program, any documents purporting to be ASI policies or certificates that are issued by the parties of the second part as to the PMA Nonresident Program after April 15, 2008 are null and void.

4. The parties agree that NAFTA and UMGA shall both, upon entry of this Settlement Agreement and related orders in the U.S. District Court for the Northern District of Illinois,

immediately dismiss the current pending federal court cases in Texas federal court naming ASI and AVALON as a defendants with prejudice and provide copies of the dismissal with prejudice orders to ASI's Illinois counsel immediately upon receipt. ASI shall, upon the entry of this Settlement Agreement and related Orders in the U.S. District Court for the Northern District of Illinois, dismiss the current Illinois federal case naming NAFTA, UMGA and Ramon Villarreal as defendants with prejudice. The federal court in Illinois shall at all times retain personal and subject matter jurisdiction over the parties to this agreement, to enforce the terms of this settlement agreement and corresponding Agreed Permanent Injunction court order. All parties to this Agreement agree to the exclusive personal and subject matter jurisdiction of the federal court in the Northern District of Illinois and also agree that the federal court of the Northern District of Illinois is the proper venue to enforce the terms of this Settlement Agreement and corresponding Court order. All parties to this Agreement further agree that they shall refrain from the filing of any and all new lawsuits of any kind related in any way to the PMA or the termination of the PMA or events arising out the PMA and its termination by ASI between and among or against the parties to this Agreement, including but not limited to any claims of Business defamation, tortuous interference, wrongful termination or any other related suit of any kind including against ASI, or any of its affiliates or parent company Kingsway Financial Services, Inc. or any of its subsidiaries or affiliates. Nothing herein, shall prevent ASI from pursuing any payments due to ASI from the parties to this Agreement for amounts owed under the PMA from January 1, 2008 to the termination hereunder.

5. Each party of the second part shall forward all copies of Policy records to ASI ninety (90) days after the termination date of the program as set forth herein. Specifically, for the Nonresident program per the PMA, all policy records shall be forwarded to ASI by all entities by August 31, 2008. For the Eagle nonstandard program, which is terminated without extension as of May 11, 2008, all policy records shall be forwarded to ASI by UMGA and Eagle MGA, Inc. by August 9, 2008.

6. All parties to this Agreement agree that the Program Manager Agreement for the Texas Private Passenger Auto Insurance Program between ASI and UMGA and Eagle MGA is terminated as of May 11, 2008, without extension and both UMGA and Eagle MGA and any all parties to that Agreement waive any and all objection to the termination of that Program or any issues related to the termination and agree that they will not file any lawsuit or legal proceeding of any kind including any arbitration regarding the validity of the termination of the Agreement. The parties agree that any documents purporting to be ASI policies or certificates for the Texas Private Passenger Auto Insurance Program that are issued by the parties of the second part after May 11, 2008 are null and void.

7. The parties agree to cooperate fully with regard to the reporting, investigation and disposition of any and all claims including but not limited to collecting new loss report information and transmitting to ASI, securing copies of certificates, translation services, securing cooperation of insureds for investigation, forwarding any and all claim correspondence, including but not limited to demands, complaints or lawsuits, and all legal correspondence. All pertinent communications and new loss information must be transmitted to ASI within 2 business days of receipt by NAFTA, and or UMGA, etc.



8. ASI agrees to provide a Letter of Good Standing regarding the Nonresident PMA and agree that the parties to this Agreement can show the insurance marketplace such let ter.

9. In the event that this Settlement Agreement is violated in any way by any of the parties of the Second part, such violation shall cause the rights of the parties to the Second part under the PMA or the Texas Private Passenger Auto Insurance Program or this Settlement Agreement to immediately terminate without need for any further notice or demand. Such immediate termination shall not affect ASI's ability to enforce any of its rights under the PMA, the Texas Private Passenger Auto Insurance Program or under this Settlement Agreement. (A violation of this Settlement Agreement shall also entitle ASI to enforce this Agreement and the corresponding Agreed Permanent Injunction against the violator(s) as contempt of the Federal court.)

10. EFFECTIVE UPON THE TENDER OF THE PAYMENT TO ASI BY UMGA AND OR NAFTA, ASI HEREBY RELEASES AND FOREVER DISCHARGE THE PARTIES OF SECOND PART, AS WELL AS THEIR CHILDREN, DESCENDANTS, HEIRS, TRUSTEES, PERSONAL REPRESENTATIVES, PARTNERS, CREDITORS, JUDGMENT CREDITORS, AGENTS, ATTORNEYS IN FACT AND ATTORNEYS AT LAW, ADMINISTRATORS AND FIDUCIARIES, AND EACH OF THEM, FROM ANY AND ALL MANNER OF ACTIONS, CAUSES OF ACTIONS, DEMANDS, CLAIMS, AGREEMENTS, PROMISES, DEBTS, LAWSUITS, LIABILITIES, RIGHTS, DUES, CONTROVERSIES, COSTS, EXPENSES AND FEES WHATEVER, WHETHER ARISING IN CONTRACT, TORT OR ANY OTHER THEORY OF ACTION, WHETHER ARISING IN LAW OR EQUITY, WHETHER KNOWN OR UNKNOWN, CHOATE OR INCHOATE, MATURED OR UNMARRIED, CONTINGENT OR FIXED, LIQUIDATED OR UNLIQUIDATED); ACCRUED OR UNACCRUED, ASSERTED OR UNASSERTED, FROM THE BEGINNING OF TIME UP TO THE DATE OF THIS AGREEMENT EXCEPT FOR THOSE OBLIGATIONS CREATED BY OR ARISING OUT OF THIS AGREEMENT, ASI EXPRESSLY WAIVES THE BENEFIT OF ANY STATUTE OR RULE OF LAW, WHICH, IF APPLIED TO THIS AGREEMENT, WOULD OTHERWISE PRECLUDE FROM ITS BINDING EFFECT ANY CLAIM AGAINST ANY RELEASED PARTY NOT NOW KNOWN BY ASI TO EXIST, EXCEPT AS NECESSARY FOR THE ASI TO ENFORCE THIS AGREEMENT, THIS AGREEMENT IS INTENDED TO BE A GENERAL RELEASE. NOTHING HEREIN SHALL LIMIT ASI'S ABILITY TO RECOVER ANY AMOUNTS DUE AND OWING PURSUANT TO THE PMA NONRESIDENT PROGRAM OR THE EAGLE TEXAS PRIVATE PASSENGER PMA WHICH MAY ACCRUE UNTIL THE TERMINATION DATES AGREED TO HEREIN BY THE PARTIES.


11. THE PARTIES OF THE SECOND PART, AND EACH OF THEM, HEREBY RELEASE AND FOREVER DISCHARGE ASI, AND EACH OF THEM, AS WELL AS THEIR PREDECESSORS, SUCCESSORS, ANY AND ALL OF THEIR RESPECTIVE PAST OR PRESENT OFFICERS, DIRECTORS, PARTNERS, AGENTS, ATTORNEYS, EMPLOYEES, TRUSTEES, ADMINISTRATORS AND FIDUCIARIES FROM ANY AND ALL MANNER OF ACTIONS, CAUSES OF ACTIONS, DEMANDS, CLAIMS, AGREEMENTS, PROMISES, DEBTS, LAWSUITS, LIABILITIES, RIGHTS; DUES, CONTROVERSIES, COSTS, EXPENSES AND FEES WHATEVER, WHETHER ARISING IN CONTRACT, TORT OR ANY OTHER THEORY OF ACTION, WHETHER ARISING IN LAW OR EQUITY, WHETHER KNOWN OR

UNKNOWN, CHOATE OR INCHOATE, MATURED OR UNMATURED, CONTINGENT OR FIXED, LIQUIDATED OR UNLIQUIDATED, ACCRUED OR UNACCRUED, ASSERTED OR UNASSERTED, FROM THE BEGINNING OF TIME UP TO THE DATE OF THIS AGREEMENT EXCEPT FOR THOSE OBLIGATIONS CREATED BY OR ARISING OUT OF THIS AGREEMENT. ASI EXPRESSLY WAIVES THE BENEFIT OF ANY STATUTE OR RULE OF LAW, WHICH, IF APPLIED TO THIS AGREEMENT, WOULD OTHERWISE PRECLUDE FROM ITS BINDING EFFECT ANY CLAIM AGAINST ANY RELEASED PARTY NOT NOW KNOWN BY ASI TO EXIST, EXCEPT AS NECESSARY FOR ASI TO ENFORCE THIS AGREEMENT, THIS AGREEMENT IS INTENDED TO BE A GENERAL RELEASE.

12. ASI represents that it has not assigned or transferred, or purported to assign or transfer, to any person or entity, any claim or any portion thereof or interest therein that is encompassed by this Agreement or the Lawsuit.

13. The PARTIES OF THE SECOND PART represent that none of them have assigned or transferred, or purported to assign or transfer, to any person or entity any claim or any portion thereof or interest therein that is encompassed by this Agreement or the Lawsuit.

14. The Parties of the Second Part represent and warrant that they are not aware of any other person or entity besides the parties to this agreement that has been expressly or impliedly authorized to issue or bind any ASI policies or certificates under the PMA Nonresident Program or the Texas Private Passenger Auto Insurance Program at any time and will not create any new entity purporting to be able to bind any ASI policies. The Parties of the Second Part further agree that their rights under this Settlement Agreement shall not be assignable and that they will not attempt to assign any such rights.

15. The Parties of the Second Part agree to indemnify, defend and hold harmless ASI against any and all losses, damages, expenses or costs, including but not limited to attorneys' fees and costs, stemming from certificates or policies issued after the termination of the PMA Nonresident Program or the Texas Private Passenger Auto Insurance Program. At all times, the Parties of the Second Part agree to take all reasonable steps to prevent the dissemination or issuance of any unauthorized ASI policies or certificates by any person or entity. Upon the termination of the PMA for the Nonresident Program and the PMA for the Texas Private Passenger Auto Insurance Program, the Parties of the Second Part also agree to: a) promptly notify any and all sub-producers, sub-agents, insurance brokers or clients with which they have dealings that the PMA Nonresident Program and the PMA for the Texas Private Passenger Auto Insurance Program have terminated; and b) take all reasonable steps to insure the prompt return to ASI or the prompt destruction of any unused ASI policy or certificate forms. 

#### 16. Confidentiality

(a) Except as otherwise required by law or by a court of competent jurisdiction, Parties agree never to disclose or discuss the terms, conditions and amount of the Payment set forth in this Agreement, except to attorneys, accountants and financial advisors with a business need to know. The Parties agree that this Agreement will be kept confidential by each of the Parties except as

required by law or a court of competent jurisdiction. Nothing herein shall preclude ASI from disclosing the contents herein to its Board of Directors and corporate parent and affiliates.

(b) In the event any Party receives an inquiry about this settlement from any person or entity other than a person or entity identified in paragraph 13(a) herein, that Party shall respond that this matter has been settled and that the terms of the settlement itself are confidential.

(c) If disclosure of the amount or any other term of this Settlement Agreement is requested by a person or entity pursuant to subpoena or other legal process, then the Party receiving such request shall provide written notice of said request to the other Parties hereto not less than five (5) days prior to due date disclosure is requested. The Party receiving such legal process shall make disclosure only as required by an order of a court of competent jurisdiction.

17 This Agreement shall be binding upon and inure to the benefit of the respective successors, heirs, assigns, administrators, executors and legal representatives of the Parties and other entities described in this Agreement.

18. Each Party warrants that no promise or inducement to enter into this Agreement has been offered or made except as set forth in this Agreement that they are entering into this Agreement without any threat or coercion and without reliance on any statement or representation made on behalf of any other Party, or by any person employed by or representing any Party, except for the written provisions and promises contained in this Agreement.

19. This Agreement constitutes the entire agreement and understanding between the Parties with regard to the settlement of all matters, including but not limited to the matters raised, or which could have been raised, in the Lawsuit. This Agreement supersedes and replaces all prior commitments, negotiations and all agreements proposed or otherwise, whether written or oral, concerning the subject matters contained in this Agreement. This Agreement is an integrated document and the consideration stated in it is the sole consideration for this Agreement. This Agreement may only be amended by a written document signed by the Parties.

20. If any provision, section, subsection or other portion of this Agreement shall be determined by any court of competent jurisdiction to be invalid, illegal or unenforceable in whole or in part, and such determination shall become final, such provision or portion shall be deemed to be severed or limited, but only to the extent required to render the remaining provisions and portion of this Agreement enforceable. This Agreement as thus amended shall be enforced so as to give effect to the intention of the Parties insofar as that is possible.

21. Nothing in this Agreement shall be construed as an admission of any wrongdoing or liability by any person or entity or an admission of the validity or invalidity of any claim or defense.

22. This Agreement shall be deemed to have been executed and delivered within the State of Illinois and the rights and obligations of the Parties shall be construed and enforced in accordance with, and governed by, the laws of the State of Illinois without regard to any state's rules regarding conflict laws.



23. This Settlement Agreement may be executed in one or more counterparts, each counterpart to be considered an original portion of this Settlement Agreement.

24. The parties hereto each hereby submit to the jurisdiction of the United States District Court for the Northern District of Illinois sitting in Chicago, Illinois ("Northern District Court") and agree that the Northern District Court shall be the exclusive venue for the resolution of any and all disputes relating to or arising out of this Settlement Agreement. For the purpose of service of process or service of notice, the parties agree that notice or service shall be effective if served by personal delivery, U.S. Mail, certified mail or overnight delivery/courier service as follows:

To ASI:

American Service Insurance Company  
150 Northwest Point Boulevard  
Fifth Floor  
Elk Grove Village, IL 60007  
Attn: Thomas R. Ossmann

With a copy to:

Patrick M. Hincks  
Sullivan Hincks & Conway  
120 W. 22<sup>nd</sup> Street, Suite 100  
Oak Brook, IL 60523

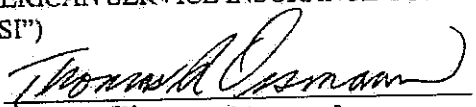
To the Parties of the Second Part:

Nafta General Agency, Inc.  
594 Jose Marti Boulevard  
Brownsville, TX 78526

IN WITNESS WHEREOF, the Parties have executed this Agreement on this date or dates set forth below.

AMERICAN SERVICE INSURANCE COMPANY  
("ASI")

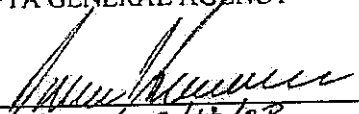
By:

  
Date March 20, 2008

INTERNATIONAL UNDERWRITERS GENERAL AGENCY, INC.  
("IUGA")

By: \_\_\_\_\_  
Date \_\_\_\_\_

NAFTA GENERAL AGENCY

By:   
Date 3/13/08

UNDERWRITERS MGA, INC.

By: \_\_\_\_\_  
Date \_\_\_\_\_

ALMEX SEGUROS, S.A. de C.V.

By: \_\_\_\_\_  
Date \_\_\_\_\_

ASESORES de RIESGOS  
INTERNACIONALES DE MEXICO, S.A. de  
C.V.

By: \_\_\_\_\_  
Date \_\_\_\_\_

ASESORES de RIESGOS INTERNACIONALES, EAGLE, MGA, INC.  
S.A. de C.V.

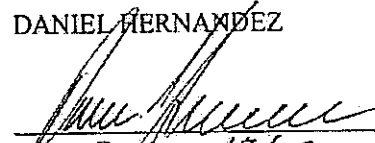
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By: \_\_\_\_\_  
Date \_\_\_\_\_

RAMON VILLARREAL

\_\_\_\_\_  
Date \_\_\_\_\_

DANIEL HERNANDEZ

  
Date 3/13/08

ALEJANDRO VILLARREAL

LUPITA PELACHE

\_\_\_\_\_  
Date \_\_\_\_\_

\_\_\_\_\_  
Date \_\_\_\_\_

ALBERTO VILLARREAL


\_\_\_\_\_  
Date \_\_\_\_\_

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ALEJANDRO VILLARREAL

LUPITA PELACHE

\_\_\_\_\_  
Date \_\_\_\_\_  
ALBERTO VILLARREAL  
  
\_\_\_\_\_  
Date 3-14-05

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Date \_\_\_\_\_



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INTERNATIONAL UNDERWRITERS GENERAL AGENCY, INC.  
("IUGA")

By: \_\_\_\_\_  
Date \_\_\_\_\_

NAFTA GENERAL AGENCY

UNDERWRITERS MGA, INC.


By: \_\_\_\_\_  
Date \_\_\_\_\_

By: \_\_\_\_\_  
Date \_\_\_\_\_

ALMEX SEGUROS, S.A. de C.V.

ASESORES de RIESGOS  
INTERNACIONALES DE MEXICO, S.A. de  
C.V.

By: \_\_\_\_\_  
Date \_\_\_\_\_

By:   
Date 3-14-08

ASESORES de RIESGOS INTERNACIONALES, EAGLE, MGA, INC.  
S.A. de C.V.

By: \_\_\_\_\_  
Date \_\_\_\_\_

By: \_\_\_\_\_  
Date \_\_\_\_\_

RAMON VILLARREAL

DANIEL HERNANDEZ

\_\_\_\_\_  
Date \_\_\_\_\_

\_\_\_\_\_  
Date \_\_\_\_\_

RAM



INTERNATIONAL UNDERWRITERS GENERAL AGENCY, INC.  
("IUGA")

By: \_\_\_\_\_  
Date \_\_\_\_\_

NAFTA GENERAL AGENCY

UNDERWRITERS MGA, INC.

By: \_\_\_\_\_  
Date \_\_\_\_\_

By: \_\_\_\_\_  
Date \_\_\_\_\_

ALMEX SEGUROS, S.A. de C.V.

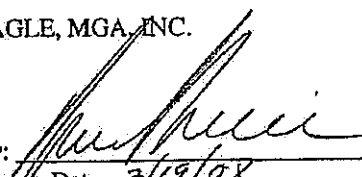
ASESORES de RIESGOS  
INTERNACIONALES DE MEXICO, S.A. de  
C.V.

By: \_\_\_\_\_  
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Date \_\_\_\_\_

ASESORES de RIESGOS INTERNACIONALES, EAGLE, MGA, INC.  
S.A. de C.V.

By: \_\_\_\_\_  
Date \_\_\_\_\_

By:   
Date 3/19/08

RAMON VILLARREAL

DANIEL HERNANDEZ

\_\_\_\_\_  
Date \_\_\_\_\_

\_\_\_\_\_  
Date \_\_\_\_\_

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Hernandez Family

(956) 541-3783

p.2

ALEJANDRO VILLARREAL

Date

ALBERTO VILLARREAL

Date

LUPITA PELACHE

*Lupita Pelache*  
Date 3/19/08

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ALBENS GROUP

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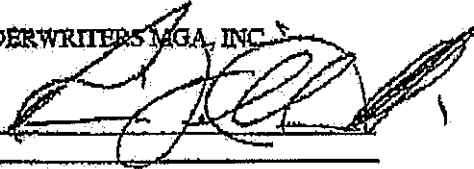
INTERNATIONAL UNDERWRITERS GENERAL AGENCY, INC.  
("IUGA")

By: \_\_\_\_\_  
Date: \_\_\_\_\_

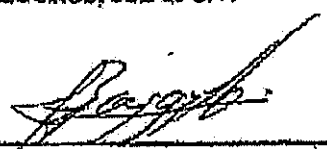
NAFTA GENERAL AGENCY

By: \_\_\_\_\_  
Date: \_\_\_\_\_

UNDERWRITERS MGA, INC.

By:   
Date: \_\_\_\_\_

ALMEX SEGUROS, S.A. de C.V.

By:   
Date: \_\_\_\_\_

ASESORES de RIESGOS.  
INTERNACIONALES DE MEXICO, S.A. de  
C.V.

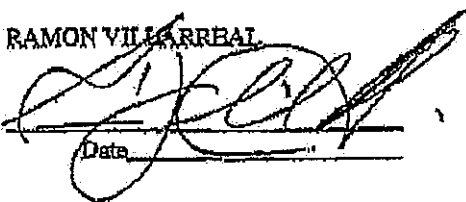
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ASESORES de RIESGOS INTERNACIONALES, EAGLE MGA, INC.  
S.A. de C.V.

By: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Date: \_\_\_\_\_

RAMON VILLARREAL

  
Date: \_\_\_\_\_

DANIEL HERNANDEZ

\_\_\_\_\_  
Date: \_\_\_\_\_

Mar 18 08 11:05p

Hernandez Family

(956) 541-3783

p.2

INTERNATIONAL UNDERWRITERS GENERAL AGENCY, INC.  
("IUGA")

By: 

Date: 3/12/08

NAFTA GENERAL AGENCY

UNDERWRITERS MGA, INC.

By: \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_

Date: \_\_\_\_\_

ALMEX SEGUROS, S.A. de C.V.

ASESORES de RIESGOS  
INTERNACIONALES DE MEXICO, S.A. de  
C.V.

By: \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_

Date: \_\_\_\_\_

ASESORES de RIESGOS INTERNACIONALES, S.A. de C.V. EAGLE, MGA, INC.

By: \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_

Date: \_\_\_\_\_

RAMON VILLARREAL

DANIEL HERNANDEZ

Date: \_\_\_\_\_

Date: \_\_\_\_\_

TO

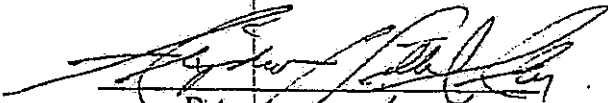
Mar 18 08 11:05p

Hernandez Family

(956) 541-3783

p.3

ALEJANDRO VILLARREAL

  
Date 3/17/08

ALBERTO VILLARREAL

Date \_\_\_\_\_

LUPITA PELACHE

Date \_\_\_\_\_



Mar 18 08 11:05p

Hernandez Family

(956) 541-3783

p.4

INTERNATIONAL UNDERWRITERS GENERAL AGENCY, INC.  
("IUGA")

By: \_\_\_\_\_  
Date \_\_\_\_\_

NAFTA GENERAL AGENCY

By: \_\_\_\_\_  
Date \_\_\_\_\_

UNDERWRITERS MGA, INC.

By: \_\_\_\_\_  
Date \_\_\_\_\_

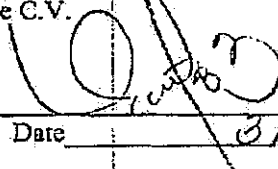
ALMEX SEGUROS, S.A. de C.V.

By: \_\_\_\_\_  
Date \_\_\_\_\_

ASESORES de RIESGOS  
INTERNACIONALES DE MEXICO, S.A. de  
C.V.

By: \_\_\_\_\_  
Date \_\_\_\_\_

ASESORES de RIESGOS INTERNACIONALES, EAGLE, MGA, INC.  
S.A. de C.V.

By:  DIRECTOR  
Date 3/18/2008

By: \_\_\_\_\_  
Date \_\_\_\_\_

RAMON VILLARREAL

\_\_\_\_\_  
Date \_\_\_\_\_

DANIEL HERNANDEZ

\_\_\_\_\_  
Date \_\_\_\_\_

## **EXHIBIT B**

**Janet Cerceo**

---

**From:** Ossmann, Tom [tossmann@asilink.com]  
**Sent:** Tuesday, March 11, 2008 12:05 PM  
**To:** Alicia  
**Subject:** ASI

Dear Ramon,

After we spoke Monday afternoon, a Tom Maldonado from Falcon called Mike Suerth late last night. Mike called Robert Martinez and Tom Maldonado repeatedly this morning and Tom finally responded that they would fund the \$250,000 on 3/12/08. I am not sure why they didn't fund Friday as you had indicated below, nevertheless we are prepared to wait till tomorrow on the funds.

With respect to the settlement agreement, the version modified by our attorney after your discussion with me last Friday about the extension to April 15 and the removal of the \$500K is what we are prepared to accept. That was sent over to your attorney Friday. This also needs to be signed and in our hands by close of business tomorrow.

Without the funding and the signed agreement, we must take the settlement agreement off the table.

I had tried to contact you by phone to discuss but felt I should send a note as well. I hope to talk when you pick up the message.

Sincerely,

Tom Ossmann

-----Original Message-----

**From:** Alicia [mailto:[annam@villalbagroup.com](mailto:annam@villalbagroup.com)]  
**Sent:** Friday, March 07, 2008 2:26 PM  
**To:** Ossmann, Tom  
**Subject:**  
**Importance:** High

Dear Tom:

I left you a voicemail earlier this morning because I wanted you to know how close we are to getting this agreement signed. There are only 2 things that are "holding up" the process. I have asked for the extension to go until April 15th because we have lost the last two weeks trying to negotiate this settlement agreement. It is only a little over a month away. The second item is the indemnification portion of the agreement. We never discussed this in our meetings. If you can, please intervene to get over these last two "hurdles" as we are so close to putting this deal to bed.

On another note, Falcon International is funding the \$250K LOC today.

Please call me at your earliest convenience.

Sincerely,

4/14/2008

Ramon A. Villarreal

**Janet Cerceo**

---

**From:** Alicia [annam@villalbagroup.com]  
**Sent:** Wednesday, March 12, 2008 12:22 PM  
**To:** Ossmann, Tom  
**Subject:** Agreement  
**Importance:** High  
**Attachments:** #1504893v1\_dmsdb1\_ - USE THIS VERSION\_ Settlement Agreement.doc

Mr. Ossmann,

Please review the attachment.

Thanks,

Alicia Cervantes  
Executive Assistant to  
Ramon A. Villarreal

4/14/2008



**Janet Cerceo**

---

**From:** Ossmann, Tom [tossmann@asilink.com]  
**Sent:** Wednesday, March 12, 2008 2:24 PM  
**To:** Alicia  
**Subject:** RE: Agreement  
**Attachments:** SettlementAgreement 3 7.pdf

Dear Ramon,

Attached is the version of the agreement we are ready to accept. The version you sent me this morning (which Mike Scotti also sent to Pat Hincks directly) contained changes that we would be unable to agree to. Mike Scotti was looking for our comments back and Pat Hincks contacted Mike with our reply. I'm not sure if you have heard from Mike Scotti yet. So, I know that we both want to get this wrapped up today. If you and the other parties are prepared to sign the attached, let's do it. FYI – Falcon has not wired funds but tells us they will do today. Please call to confirm your plans. Thank you very much.

Tom

-----Original Message-----

**From:** Alicia [mailto:annam@villalbagroup.com]  
**Sent:** Wednesday, March 12, 2008 12:22 PM  
**To:** Ossmann, Tom  
**Subject:** Agreement  
**Importance:** High

Mr. Ossmann,

Please review the attachment.

Thanks,

Alicia Cervantes  
Executive Assistant to  
Ramon A. Villarreal

4/14/2008

**Janet Cerceo**

---

**From:** Ossmann, Tom [tossmann@asilink.com]  
**Sent:** Thursday, March 13, 2008 1:38 PM  
**To:** Alicia  
**Subject:** RE: Agreement

Dear Ramon,

Hello, I hope you are well today. I wanted to check in and see if we are on track with signing the agreement today? Thank you.

Sincerely,

Tom Ossmann

4/14/2008

**Janet Cerceo**

---

**From:** Alicia [annam@villalbagroup.com]  
**Sent:** Thursday, March 13, 2008 5:07 PM  
**To:** Ossmann, Tom  
**Subject:** RE: Agreement  
**Importance:** High  
**Attachments:** nevillcopier\_nevillsolutions\_com\_20080313\_175136.pdf

Dear Mr. Ossmann,

As per Mr. Villarreal's instruction attached you will find the signatures from Mr. Villarreal.

Sincerely,  
Alicia Cervantes  
Executive assistant to  
Ramon A. Villarreal

-----Original Message-----

From: Ossmann, Tom [mailto:[tossmann@asilink.com](mailto:tossmann@asilink.com)]  
Sent: Thursday, March 13, 2008 4:06 PM  
To: Alicia  
Subject: RE: Agreement

Good afternoon, Alicia,

Mr. Villarreal advised me over the phone that he had signed and sent a copy of a document to you today. Would you be able to send that along to me? As I understand it, Danny Hernandez is obtaining the remaining signatures and sending directly to me.

Thank you very much.

Tom Ossmann

-----  
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4/14/2008

**Janet Cerceo**

---

**From:** Daniel Hernandez [dthernandez@naftageneral.com]  
**Sent:** Thursday, March 13, 2008 7:09 PM  
**To:** Ossmann, Tom  
**Subject:** Re: Re:

I just faxed it over. I only sent the signature pages. I'll scan it tomorrow at the office and will get the other signatures.

Thanks,  
Danny

Sent from my iPhone

On Mar 13, 2008, at 6:00 PM, "Ossmann, Tom" <[tossmann@asilink.com](mailto:tossmann@asilink.com)> wrote:

Hi, Danny,

It is 847-228-2582. Thank you very much.

Tom Ossmann

----- Original Message -----

**From:** Daniel Hernandez <[dthernandez@naftageneral.com](mailto:dthernandez@naftageneral.com)>  
**To:** Ossmann, Tom  
**Sent:** Thu Mar 13 17:26:03 2008  
**Subject:** Re:

Tom,

I am going to print and sign the agreement. I will scan it and email it back. I also want to send it by fax. What is your fax number?

Thanks,  
Danny

Sent from my iPhone

On Mar 13, 2008, at 3:20 PM, "Ossmann, Tom" <[tossmann@asilink.com](mailto:tossmann@asilink.com)> wrote:

Tom Ossmann

President and CEO

American Service Insurance

<<mailto:tossmann@asilink.com>> [tossmann@asilink.com](mailto:tossmann@asilink.com)

4/14/2008

(847) 472-6840

---

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<SettlementAgreement 3 7.pdf>

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**Janet Cerceo**

---

**From:** Daniel T. Hernandez [dthernandez@naftageneral.com]  
**Sent:** Friday, March 14, 2008 10:45 AM  
**To:** Ossmann, Tom  
**Subject:** RE: Re:

No problem. I am working on it right now.

Thanks...

---

**From:** Ossmann, Tom [mailto:tossmann@asilink.com]  
**Sent:** Friday, March 14, 2008 7:54 AM  
**To:** dthernandez@naftageneral.com  
**Subject:** Re: Re:

Hi, Danny,

Thank you - when obtaining the other signatures, please have the signers initial the bottom of each page. I will look for it today. Please contact me with any questions. Take care.

Tom

Tom Ossmann

----- Original Message -----

**From:** Daniel Hernandez <dthernandez@naftageneral.com>  
**To:** Ossmann, Tom  
**Sent:** Thu Mar 13 19:08:48 2008  
**Subject:** Re: Re:

I just faxed it over. I only sent the signature pages. I'll scan it tomorrow at the office and will get the other signatures.

Thanks,  
Danny

Sent from my iPhone

On Mar 13, 2008, at 6:00 PM, "Ossmann, Tom" <tossmann@asilink.com> wrote:

Hi, Danny,

It is 847-228-2582. Thank you very much.

Tom Ossmann

----- Original Message -----

**From:** Daniel Hernandez <dthernandez@naftageneral.com>  
**To:** Ossmann, Tom  
**Sent:** Thu Mar 13 17:26:03 2008

4/14/2008

Subject: Re:

Tom,

I am going to print and sign the agreement. I will scan it and email it back. I also want to send it by fax. What is your fax number?

Thanks,  
Danny

Sent from my iPhone

On Mar 13, 2008, at 3:20 PM, "Ossmann, Tom" <tossmann@asilink.com> wrote:

Tom Ossmann

President and CEO

American Service Insurance

<<mailto:tossmann@asilink.com>> tossmann@asilink.com <<mailto:tossmann@asilink.com>>  
tossmann@asilink.com

(847) 472-6840

---

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<SettlementAgreement 3 7.pdf>

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**Janet Cerceo**

---

**From:** Daniel T. Hernandez [dthernandez@naftageneral.com]  
**Sent:** Friday, March 14, 2008 12:36 PM  
**To:** Ossmann, Tom  
**Subject:** RE: Re:  
**Attachments:** Settlement Agreement 031308.pdf

Here is a copy of the entire agreement.

---

**From:** Ossmann, Tom [mailto:tossmann@asilink.com]  
**Sent:** Friday, March 14, 2008 7:54 AM  
**To:** dthernandez@naftageneral.com  
**Subject:** Re: Re:

Hi, Danny,

Thank you - when obtaining the other signatures, please have the signers initial the bottom of each page. I will look for it today. Please contact me with any questions. Take care.

Tom

Tom Ossmann

----- Original Message -----

**From:** Daniel Hernandez <dthernandez@naftageneral.com>  
**To:** Ossmann, Tom  
**Sent:** Thu Mar 13 19:08:48 2008  
**Subject:** Re: Re:

I just faxed it over. I only sent the signature pages. I'll scan it tomorrow at the office and will get the other signatures.

Thanks,  
Danny

Sent from my iPhone

On Mar 13, 2008, at 6:00 PM, "Ossmann, Tom" <tossmann@asilink.com> wrote:

Hi, Danny,

It is 847-228-2582. Thank you very much.

Tom Ossmann

----- Original Message -----

**From:** Daniel Hernandez <dthernandez@naftageneral.com>  
**To:** Ossmann, Tom  
**Sent:** Thu Mar 13 17:26:03 2008

4/14/2008

Subject: Re:

Tom,

I am going to print and sign the agreement. I will scan it and email it back. I also want to send it by fax. What is your fax number?

Thanks,  
Danny

Sent from my iPhone

On Mar 13, 2008, at 3:20 PM, "Ossmann, Tom" <tossmann@asilink.com> wrote:

Tom Ossmann

President and CEO

American Service Insurance

<mailto: <mailto:tossmann@asilink.com> tossmann@asilink.com> <mailto:tossmann@asilink.com>  
tossmann@asilink.com

(847) 472-6840

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<SettlementAgreement 3 7.pdf>

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4/14/2008

**Janet Cerceo**

---

**From:** Daniel T. Hernandez [dthernandez@naftageneral.com]  
**Sent:** Friday, March 14, 2008 12:39 PM  
**To:** Ossmann, Tom  
**Subject:** RE: Re:  
**Attachments:** SA Alberto.pdf

Here is a copy of the signature page with Alberto Villarreal's signature. He has initialed all of the other pages but I will wait for more signatures before I scan it again and send it.

---

**From:** Ossmann, Tom [mailto:tossmann@asilink.com]  
**Sent:** Friday, March 14, 2008 7:54 AM  
**To:** dthernandez@naftageneral.com  
**Subject:** Re: Re:

Hi, Danny,

Thank you - when obtaining the other signatures, please have the signers initial the bottom of each page. I will look for it today. Please contact me with any questions. Take care.

Tom

Tom Ossmann

----- Original Message -----

**From:** Daniel Hernandez <dthernandez@naftageneral.com>  
**To:** Ossmann, Tom  
**Sent:** Thu Mar 13 19:08:48 2008  
**Subject:** Re: Re:

I just faxed it over. I only sent the signature pages. I'll scan it tomorrow at the office and will get the other signatures.

Thanks,  
Danny

Sent from my iPhone

On Mar 13, 2008, at 6:00 PM, "Ossmann, Tom" <tossmann@asilink.com> wrote:

Hi, Danny,

It is 847-228-2582. Thank you very much.

Tom Ossmann

----- Original Message -----

**From:** Daniel Hernandez <dthernandez@naftageneral.com>  
**To:** Ossmann, Tom

4/14/2008

Re: Re:

Page 2 of 3

Sent: Thu Mar 13 17:26:03 2008  
Subject: Re:

Tom,

I am going to print and sign the agreement. I will scan it and email it back. I also want to send it by fax. What is your fax number?

Thanks,  
Danny

Sent from my iPhone

On Mar 13, 2008, at 3:20 PM, "Ossmann, Tom" <tossmann@asilink.com> wrote:

Tom Ossmann

President and CEO

American Service Insurance

<<mailto:tossmann@asilink.com>> [tossmann@asilink.com](mailto:tossmann@asilink.com) <<mailto:tossmann@asilink.com>>  
[tossmann@asilink.com](mailto:tossmann@asilink.com)

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<SettlementAgreement 3 7.pdf>

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**connection with the above.**

**Janet Cerceo**

---

**From:** Daniel T. Hernandez [dthernandez@naftageneral.com]  
**Sent:** Friday, March 14, 2008 4:10 PM  
**To:** Ossmann, Tom  
**Subject:** RE: Re:  
**Attachments:** SA Arimex.pdf

Tom:

Now this was a tough one to get. But here is the ARIMEX signature. I have a faxed copy with the initials on each page. I will scan that later and forward it.

Thanks,  
Danny

---

**From:** Ossmann, Tom [mailto:tossmann@asilink.com]  
**Sent:** Friday, March 14, 2008 12:40 PM  
**To:** Daniel T. Hernandez  
**Subject:** RE: Re:

Danny,

Thank you. Keep up the speedy work!

Tom

---

**From:** Daniel T. Hernandez [mailto:dthernandez@naftageneral.com]  
**Sent:** Friday, March 14, 2008 12:39 PM  
**To:** Ossmann, Tom  
**Subject:** RE: Re:

Here is a copy of the signature page with Alberto Villarreal's signature. He has initialed all of the other pages but I will wait for more signatures before I scan it again and send it.

---

**From:** Ossmann, Tom [mailto:tossmann@asilink.com]  
**Sent:** Friday, March 14, 2008 7:54 AM  
**To:** dthernandez@naftageneral.com  
**Subject:** Re: Re:

Hi, Danny,

Thank you - when obtaining the other signatures, please have the signers initial the bottom of each page. I will look for it today. Please contact me with any questions. Take care.

Tom

Tom Ossmann

----- Original Message -----

4/14/2008



From: Daniel Hernandez <dthernandez@naftageneral.com>  
To: Ossmann, Tom  
Sent: Thu Mar 13 19:08:48 2008  
Subject: Re: Re:

I just faxed it over. I only sent the signature pages. I'll scan it tomorrow at the office and will get the other signatures.

Thanks,  
Danny

Sent from my iPhone

On Mar 13, 2008, at 6:00 PM, "Ossmann, Tom" <tossmann@asilink.com> wrote:

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It is 847-228-2582. Thank you very much.

Tom Ossmann

----- Original Message -----

From: Daniel Hernandez <dthernandez@naftageneral.com>  
To: Ossmann, Tom  
Sent: Thu Mar 13 17:26:03 2008  
Subject: Re:

Tom,

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Thanks,  
Danny

Sent from my iPhone

On Mar 13, 2008, at 3:20 PM, "Ossmann, Tom" <tossmann@asilink.com> wrote:

Tom Ossmann

President and CEO

American Service Insurance

<<mailto:tossmann@asilink.com>> [tossmann@asilink.com](mailto:tossmann@asilink.com) <<mailto:tossmann@asilink.com>>  
[tossmann@asilink.com](mailto:tossmann@asilink.com)

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**Janet Cerceo**

---

**From:** Ossmann, Tom [tossmann@asilink.com]  
**Sent:** Monday, March 17, 2008 1:31 PM  
**To:** Daniel T. Hernandez  
**Subject:** RE: ASI

Danny,

In addition to the below, I have Ramon's signature and UMGA (Ramon signed for UMGA). I don't have initialed pages of that – just signature page.

So ALMEX, ARI, Eagle, Alejandro, and Lupita remain. Please advise.

Tom

---

**From:** Daniel T. Hernandez [mailto:dthernandez@naftageneral.com]  
**Sent:** Monday, March 17, 2008 1:18 PM  
**To:** Ossmann, Tom  
**Subject:** RE: ASI

I know that I have sent you signatures for myself, Nafta, Alberto and ARIMEX. Have you received any other signatures yet?

---

**From:** Ossmann, Tom [mailto:tossmann@asilink.com]  
**Sent:** Monday, March 17, 2008 1:13 PM  
**To:** Daniel T. Hernandez  
**Subject:** ASI

Hi, Danny,

Checking in to see how the process is going. Thank you.

Tom

---

**From:** Daniel T. Hernandez [mailto:dthernandez@naftageneral.com]  
**Sent:** Friday, March 14, 2008 4:47 PM  
**To:** Ossmann, Tom  
**Subject:** RE: Re:

Have a good weekend. I will work on the rest on Monday...

---

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Re: Re:

Page 2 of 2

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**Janet Cerceo**

---

**From:** Daniel T. Hernandez [dthernandez@naftageneral.com]  
**Sent:** Monday, March 17, 2008 2:03 PM  
**To:** Ossmann, Tom  
**Subject:** RE: ASI

I will try my best. I will see if Ramon can work on those.

---

**From:** Ossmann, Tom [mailto:tossmann@asilink.com]  
**Sent:** Monday, March 17, 2008 1:55 PM  
**To:** Daniel T. Hernandez  
**Subject:** RE: ASI

Danny,

OK – how about on the north side of the border – Eagle, Lupita, International? Any possibility of obtaining these today? Thank you.

Tom

---

**From:** Daniel T. Hernandez [mailto:dthernandez@naftageneral.com]  
**Sent:** Monday, March 17, 2008 1:50 PM  
**To:** Ossmann, Tom  
**Subject:** RE: ASI

ALMEX and ARI will be impossible today. Mexico is closed today for a holiday (and I don't think it is for St. Patrick's Day). I will follow up again tomorrow.

---

**From:** Ossmann, Tom [mailto:tossmann@asilink.com]  
**Sent:** Monday, March 17, 2008 1:31 PM  
**To:** Daniel T. Hernandez  
**Subject:** RE: ASI

Danny,

In addition to the below, I have Ramon's signature and UMGA (Ramon signed for UMGA). I don't have initialed pages of that – just signature page.

So ALMEX, ARI, Eagle, Alejandro, and Lupita remain. Please advise.

Tom

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**Sent:** Monday, March 17, 2008 1:18 PM  
**To:** Ossmann, Tom  
**Subject:** RE: ASI

I know that I have sent you signatures for myself, Nafta, Alberto and ARIMEX. Have you received any other signatures yet?

4/14/2008

---

**From:** Ossmann, Tom [mailto:tossmann@asilink.com]  
**Sent:** Monday, March 17, 2008 1:13 PM  
**To:** Daniel T. Hernandez  
**Subject:** ASI

Hi, Danny,

Checking in to see how the process is going. Thank you.

Tom

---

**From:** Daniel T. Hernandez [mailto:dthernandez@naftageneral.com]  
**Sent:** Friday, March 14, 2008 4:47 PM  
**To:** Ossmann, Tom  
**Subject:** RE: Re:

Have a good weekend. I will work on the rest on Monday...

---

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4/14/2008

**Janet Cerceo**

---

**From:** dthernandez@naftageneral.com  
**Sent:** Tuesday, March 18, 2008 2:44 PM  
**To:** Ossmann, Tom  
**Subject:** RE: ASI

I spoke to Ramon and he said that I would have all of the signatures by the end of the day. Can you give me your fax number one more time? I am not at the office right now and I am working out of the house. I will make sure that you get all signatures today.

---

**From:** Ossmann, Tom [mailto:tossmann@asilink.com]  
**Sent:** Tue 3/18/2008 1:26 PM  
**To:** Daniel Hernandez  
**Subject:** Re: ASI

Hi, Danny,

How are things going today? Nothing new received on our end. Thanks.

Tom

Tom Ossmann

----- Original Message -----

**From:** Daniel T. Hernandez <dthernandez@naftageneral.com>  
**To:** Ossmann, Tom  
**Sent:** Mon Mar 17 14:02:33 2008  
**Subject:** RE: ASI

I will try my best. I will see if Ramon can work on those.

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**From:** Ossmann, Tom [mailto:tossmann@asilink.com]  
**Sent:** Monday, March 17, 2008 1:55 PM  
**To:** Daniel T. Hernandez  
**Subject:** RE: ASI

Danny,

OK – how about on the north side of the border – Eagle, Lupita, International? Any possibility of obtaining these today?  
Thank you.

Tom

4/14/2008

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From: Daniel T. Hernandez [<mailto:dthernandez@naftageneral.com>]  
Sent: Monday, March 17, 2008 1:50 PM  
To: Ossmann, Tom  
Subject: RE: ASI

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From: Ossmann, Tom [<mailto:tossmann@asilink.com>]  
Sent: Monday, March 17, 2008 1:31 PM  
To: Daniel T. Hernandez  
Subject: RE: ASI

Danny,

In addition to the below, I have Ramon's signature and UMGA (Ramon signed for UMGA). I don't have initialed pages of that – just signature page.

So ALMEX, ARI, Eagle, Alejandro, and Lupita remain. Please advise.

Tom

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To: Ossmann, Tom  
Subject: RE: ASI

I know that I have sent you signatures for myself, Nafta, Alberto and ARIMEX. Have you received any other signatures yet?

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From: Ossmann, Tom [<mailto:tossmann@asilink.com>]  
Sent: Monday, March 17, 2008 1:13 PM  
To: Daniel T. Hernandez  
Subject: ASI

4/14/2008



Re: ASI

Hi, Danny,

Checking in to see how the process is going. Thank you.

Tom

---

From: Daniel T. Hernandez [<mailto:dthernandez@naftageneral.com>]  
Sent: Friday, March 14, 2008 4:47 PM  
To: Ossmann, Tom  
Subject: RE: Re:

Have a good weekend. I will work on the rest on Monday...

---

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4/14/2008

Re: ASI

Page 4 of 4

**intended recipient is unauthorized and may be illegal. Thank you for your cooperation in connection with the above.**

4/14/2008

**Janet Cerceo**

---

**From:** Daniel Hernandez [dthernandez@naftageneral.com]  
**Sent:** Tuesday, March 18, 2008 5:55 PM  
**To:** Ossmann, Tom  
**Subject:** Re: ASI

It is my understanding that ALMEX was already sending it over. I will have Lupita sign for herself and for Eagle. I will work on the other 2 for tomorrow morning so that I can get one less headache off my plate.

Sent from my iPhone

On Mar 18, 2008, at 5:24 PM, "Ossmann, Tom" <[tossmann@asilink.com](mailto:tossmann@asilink.com)> wrote:

Hi, Danny,

I am not sure if you saw Kim's message. She sent her fax as I'm traveling and she's in the office. I just called her and nothing has come in as of yet...

Tom Ossmann

----- Original Message -----

**From:** [dthernandez@naftageneral.com](mailto:dthernandez@naftageneral.com) <[dthernandez@naftageneral.com](mailto:dthernandez@naftageneral.com)>  
**To:** Ossmann, Tom  
**Sent:** Tue Mar 18 14:44:13 2008  
**Subject:** RE: ASI

I spoke to Ramon and he said that I would have all of the signatures by the end of the day. Can you give me your fax number one more time? I am not at the office right now and I am working out of the house. I will make sure that you get all signatures today.

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Hi, Danny,

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----- Original Message -----

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**To:** Ossmann, Tom  
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**Subject:** RE: ASI

4/14/2008

I will try my best. I will see if Ramon can work on those.

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From: Ossmann, Tom [<mailto:tossmann@asilink.com>]  
Sent: Monday, March 17, 2008 1:55 PM  
To: Daniel T. Hernandez  
Subject: RE: ASI

Danny,

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Tom

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From: Daniel T. Hernandez [<mailto:dthernandez@naftageneral.com>]  
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4/14/2008

Tom

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From: Ossmann, Tom [<mailto:tossmann@asilink.com>]  
Sent: Monday, March 17, 2008 1:13 PM  
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Subject: ASI

Hi, Danny,

Checking in to see how the process is going. Thank you.

Tom

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From: Daniel T. Hernandez [<mailto:dthernandez@naftageneral.com>]  
Sent: Friday, March 14, 2008 4:47 PM  
To: Ossmann, Tom  
Subject: RE: Re:

Have a good weekend. I will work on the rest on Monday...

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**Janet Cerceo**

---

**From:** Daniel Hernandez [dthernandez@naftageneral.com]  
**Sent:** Tuesday, March 18, 2008 8:40 PM  
**To:** Ossmann, Tom  
**Subject:** Re: ASI

I just had Alejandro's personal and IUGA signature delivered to my house but I am out to dinner with my wife. I will fax it once I get home.

Thanks...

Sent from my iPhone

On Mar 18, 2008, at 5:24 PM, "Ossmann, Tom" <[tossmann@asilink.com](mailto:tossmann@asilink.com)> wrote:

Hi, Danny,

I am not sure if you saw Kim's message. She sent her fax as I'm traveling and she's in the office. I just called her and nothing has come in as of yet...

Tom Ossmann

----- Original Message -----

**From:** [dthernandez@naftageneral.com](mailto:dthernandez@naftageneral.com) <[dthernandez@naftageneral.com](mailto:dthernandez@naftageneral.com)>  
**To:** Ossmann, Tom  
**Sent:** Tue Mar 18 14:44:13 2008  
**Subject:** RE: ASI

I spoke to Ramon and he said that I would have all of the signatures by the end of the day. Can you give me your fax number one more time? I am not at the office right now and I am working out of the house. I will make sure that you get all signatures today.

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**From:** Ossmann, Tom [<mailto:tossmann@asilink.com>]  
**Sent:** Tue 3/18/2008 1:26 PM  
**To:** Daniel Hernandez  
**Subject:** Re: ASI

Hi, Danny,

How are things going today? Nothing new received on our end. Thanks.

Tom

Tom Ossmann

----- Original Message -----

**From:** Daniel T. Hernandez <[dthernandez@naftageneral.com](mailto:dthernandez@naftageneral.com)>  
**To:** Ossmann, Tom  
**Sent:** Mon Mar 17 14:02:33 2008  
**Subject:** RE: ASI

4/14/2008

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Danny,

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Tom

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Subject: RE: ASI

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Tom

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Sent: Monday, March 17, 2008 1:18 PM  
To: Ossmann, Tom  
Subject: RE: ASI

I know that I have sent you signatures for myself, Nafta, Alberto and ARIMEX. Have you received any other signatures yet?

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From: Ossmann, Tom [<mailto:tossmann@asilink.com>]  
Sent: Monday, March 17, 2008 1:13 PM  
To: Daniel T. Hernandez  
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Hi, Danny,

Checking in to see how the process is going. Thank you.

Tom

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Subject: RE: Re:

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Re: ASI

## Janet Cerceo

---

**From:** Ossmann, Tom [tossmann@asilink.com]  
**Sent:** Tuesday, March 18, 2008 9:24 PM  
**To:** dthernandez@naftageneral.com  
**Subject:** Re: ASI

Danny,

We'll be waiting by the fax! Thanks for your continued efforts.

Tom Ossmann

----- Original Message -----

**From:** Daniel Hernandez <dthernandez@naftageneral.com>  
**To:** Ossmann, Tom  
**Sent:** Tue Mar 18 20:39:32 2008  
**Subject:** Re: ASI

I just had Alejandro's personal and IUGA signature delivered to my house but I am out to dinner with my wife. I will fax it once I get home.

Thanks...

Sent from my iPhone

On Mar 18, 2008, at 5:24 PM, "Ossmann, Tom" <tossmann@asilink.com> wrote:

Hi, Danny,

I am not sure if you saw Kim's message. She sent her fax as I'm traveling and she's in the office. I just called her and nothing has come in as of yet...

Tom Ossmann

----- Original Message -----

**From:** dthernandez@naftageneral.com <dthernandez@naftageneral.com>  
**To:** Ossmann, Tom  
**Sent:** Tue Mar 18 14:44:13 2008  
**Subject:** RE: ASI

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To: Ossmann, Tom

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Subject: RE: ASI

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Sent: Monday, March 17, 2008 1:50 PM

To: Ossmann, Tom

Subject: RE: ASI

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Subject: RE: ASI

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Subject: RE: ASI

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From: Ossmann, Tom [mailto: <<mailto:tossmann@asilink.com>> tossmann@asilink.com]  
Sent: Monday, March 17, 2008 1:13 PM  
To: Daniel T. Hernandez  
Subject: ASI

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Tom

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From: Daniel T. Hernandez [mailto: <<mailto:dthernandez@naftageneral.com>> dthernandez@naftageneral.com]  
Sent: Friday, March 14, 2008 4:47 PM  
To: Ossmann, Tom  
Subject: RE: Re:

4/14/2008

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Re: ASI

Page 1 of 1

**Janet Cerceo**

---

**From:** Ossmann, Tom [tossmann@asilink.com]  
**Sent:** Wednesday, March 19, 2008 4:33 PM  
**To:** dthernandez@naftageneral.com  
**Subject:** Re: ASI

Hi, Danny,

If you have signatures, please send along once received. In other words do not delay for initials. Please do send whatever initialed pages you do have though. Once all signatures are received, ASI will sign off.

Tom Ossmann

----- Original Message -----

**From:** Daniel Hernandez <dthernandez@naftageneral.com>  
**To:** Ossmann, Tom  
**Sent:** Wed Mar 19 15:49:46 2008  
**Subject:** Re: ASI

I don't have everyone's initialed pages. I only had them send the signature pages but I will work on the rest. I, too, am waiting on Lupita and Eagle. I better have it by today. When can we have the ASI signature?

Sent from my iPhone

On Mar 19, 2008, at 3:45 PM, "Ossmann, Tom" <tossmann@asilink.com> wrote:

Hi, Danny,

Much progress has been made and I thank you. We only are waiting for Lupita and Eagle signatures.

Also, I know you've been saving the initialed pages for once all signatures are received.

I am hoping that timing will allow completion today and await word. Thanks again.

Tom Ossmann

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**Janet Cerceo**

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**From:** Ossmann, Tom [tossmann@asilink.com]  
**Sent:** Wednesday, March 19, 2008 4:34 PM  
**To:** dthernandez@naftageneral.com  
**Subject:** Re: ASI

If possess the legal authority to bind Eagle to a contract, yes.

Tom Ossmann

----- Original Message -----

From: Daniel Hernandez <dthernandez@naftageneral.com>  
To: Ossmann, Tom  
Sent: Wed Mar 19 16:15:38 2008  
Subject: Re: ASI

Tom,

I forgot but I am the licensee for Eagle. Can I sign for Eagle?

Thanks,  
Danny

Sent from my iPhone

On Mar 19, 2008, at 3:45 PM, "Ossmann, Tom" <tossmann@asilink.com> wrote:

Hi, Danny,

Much progress has been made and I thank you. We only are waiting for Lupita and Eagle signatures.

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4/14/2008



**Janet Cerceo**

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**From:** Daniel T. Hernandez [dthernandez@naftageneral.com]  
**Sent:** Wednesday, March 19, 2008 5:17 PM  
**To:** Ossmann, Tom  
**Cc:** Meier, Kimberly  
**Subject:** RE: ASI  
**Attachments:** SA Eagle.pdf

Here is the signature for Eagle. I am only pending Lupita Pelache's signature and should have it within the hour. I will scan and fax it.

Thanks,  
Danny

---

**From:** Meier, Kimberly [mailto:kmeier@asilink.com] **On Behalf Of** Ossmann, Tom  
**Sent:** Wednesday, March 19, 2008 4:54 PM  
**To:** Daniel Hernandez  
**Subject:** RE: ASI

Hi Danny,

Please send it to me again. Thanks!

*Kimberly A. Meier*

Executive Assistant to  
Tom Ossmann  
President & CEO

American Service Insurance  
150 Northwest Point Blvd.  
Elk Grove Village, IL 60007  
847-472-6844  
847-228-3954 fx  
[kmeier@asilink.com](mailto:kmeier@asilink.com)

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**From:** Daniel Hernandez [mailto:dthernandez@naftageneral.com]  
**Sent:** Wednesday, March 19, 2008 4:40 PM  
**To:** Ossmann, Tom  
**Subject:** Re: ASI

I just spoke with Lupita and I will have her signature within the hour. I will fax it and email it.

Sent from my iPhone

On Mar 19, 2008, at 3:45 PM, "Ossmann, Tom" <[tossmann@asilink.com](mailto:tossmann@asilink.com)> wrote:

4/14/2008

Hi, Danny,

Much progress has been made and I thank you. We only are waiting for Lupita and Eagle signatures.

Also, I know you've been saving the initialed pages for once all signatures are received.

I am hoping that timing will allow completion today and await word. Thanks again.

Tom Ossmann

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**Janet Cerceo**

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**From:** Daniel T. Hernandez [dthernandez@naftageneral.com]  
**Sent:** Monday, March 24, 2008 11:44 AM  
**To:** Ossmann, Tom  
**Cc:** Alicia  
**Subject:** Arizona

Tom:

I hope that you had a good Easter. It was nice for me to be able to get away for a couple of days. It has been a very long year so far. I am also glad that we have finally gotten everything signed. I am currently working on the wording for the letter of good standing and will get it to you as soon as possible.

On another note, is there any way that we can get some sort of communication to the Arizona DOT to let them know that the program has been extended? They won't accept any certificates until they are notified by ASI that the program is in place again.

Thanks,  
 Danny

Daniel T. Hernandez  
 Director of Operations  
 Nafta General Agency, Inc.  
 P.O. Box 4532  
 Brownsville, TX 78523-4532

(956) 546-8141 Ext. 107  
 (956) 546-8136 (FAX)

Email: dthernandez@naftageneral.com

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4/14/2008

**Janet Cerceo**

---

**From:** Alicia [annam@villalbagroup.com]  
**Sent:** Monday, March 24, 2008 1:29 PM  
**To:** Ossmann, Tom  
**Importance:** High

Dear Tom:

I was just informed of your email to Danny Hernandez and I believe that he has already addressed the issues with reporting and the reasons why it has been late. This is very understandable concerning the different obstacles that we have been facing lately. It is my understanding that he will be caught up by this week.

The letter to the Arizona DOT is a separate matter and I would like to get that done as quickly as possible. The certificate business is the most profitable for both parties but we are unable to continue selling until this letter is received by Arizona DOT.

On another matter, I will also need another letter to the Texas Department of Insurance to the attention of Lizz Romero. It is my understanding that Steve Bosy has already had communications with her and she needs to be informed that we have come to an agreement and that the contract has been extended. This is important to keep us in good standing with TDI.

Tom, I trust that we can get past these issues so that we can properly inform all of the interested parties. The purpose of our agreement was to avoid any confusion with all governmental regulatory agencies and they need to be notified as soon as possible. This will ease a lot of the headaches that we have had lately. I appreciate all of your help with these matters.

Sincerely,

Ramon A. Villarreal

4/14/2008

**Janet Cerceo**

---

**From:** Ossmann, Tom [tossmann@asilink.com]  
**Sent:** Monday, March 24, 2008 4:04 PM  
**To:** Lizz.Romero@tdi.state.tx.us  
**Cc:** pathincks@shlawfirm.com  
**Subject:** ASI / NAFTA

Dear Ms. Romero,

AMERICAN SERVICE INSURANCE COMPANY and NAFTA GENERAL AGENCY, a Texas corporation ("NAFTA"), UNDERWRITERS MGA, Inc., a Texas corporation (UMGA), ALMEX SEGUROS, S.A. de C.V. ("ALMEX"), ASESORES de RIESGOS INTERNACIONALES DE MEXICO, S.A. de C.V. ("ARIMEX"), ASESORES de RIESGOS INTERNACIONALES, S.A. de C.V., ("INTERNATIONAL"), EAGLE MGA, INC., a Texas corporation, RAMON VILLARREAL, DANIEL HERNANDEZ, ALEJANDRO VILLARREAL AND LUPITA PELACHE, have reached a settlement agreement and mutual general release. This matter has been settled and the terms are confidential. The parties have executed a settlement agreement which requires dismissing certain litigation and the court to enter certain agreed court orders which we are hopeful should occur on March 28, 2008. Upon the entry of the Court order and dismissals of pending litigation, the settlement would be complete. The settlement agreement includes an extension of the Program Manager Agreement between the parties.

Sincerely,

Tom Ossmann  
President and CEO  
American Service Insurance  
[tossmann@asilink.com](mailto:tossmann@asilink.com)  
(847) 472-6840

4/14/2008

RE:

Page 1 of 2

**Janet Cerceo**

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**From:** Ossmann, Tom [tossmann@asilink.com]  
**Sent:** Monday, March 24, 2008 4:18 PM  
**To:** Alicia  
**Subject:** RE:

Dear Ramon:

We have now contacted both the TDI and the AZ DOT to advise that we have agreed to extend our program manager agreement. I believe this will address your concerns and please feel free to call or write with any questions. Thank you.

Tom Ossmann

-----Original Message-----

**From:** Alicia [mailto:[annam@villalbagroup.com](mailto:annam@villalbagroup.com)]  
**Sent:** Monday, March 24, 2008 1:29 PM  
**To:** Ossmann, Tom  
**Subject:**  
**Importance:** High

Dear Tom:

I was just informed of your email to Danny Hernandez and I believe that he has already addressed the issues with reporting and the reasons why it has been late. This is very understandable concerning the different obstacles that we have been facing lately. It is my understanding that he will be caught up by this week.

The letter to the Arizona DOT is a separate matter and I would like to get that done as quickly as possible. The certificate business is the most profitable for both parties but we are unable to continue selling until this letter is received by Arizona DOT.

On another matter, I will also need another letter to the Texas Department of Insurance to the attention of Lizz Romero. It is my understanding that Steve Bosy has already had communications with her and she needs to be informed that we have come to an agreement and that the contract has been extended. This is important to keep us in good standing with TDI.

Tom, I trust that we can get past these issues so that we can properly inform all of the interested parties. The purpose of our agreement was to avoid any confusion with all governmental regulatory agencies and they need to be notified as soon as possible. This will ease a lot of the headaches that we have had lately. I appreciate all of your help with these matters.

Sincerely,

4/14/2008

RE:

Ramon A. Villarreal

4/14/2008

**Janet Cerceo**

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**From:** john.quartuccio@dot.gov  
**Sent:** Monday, March 24, 2008 6:33 PM  
**To:** Ossmann, Tom  
**Cc:** Bosy, Stephen; pathincks@shlawfirm.com  
**Subject:** RE: US Customs Notification

Thank you for the notice.

John

John M. Quartuccio  
Federal Program Manager  
USDOT-FMCSA  
400 E. Van Buren Street, Ste 401  
Phoenix, Arizona 85004  
Phone: (602) 379-6851 ext 303  
Fax: (602) 379-3627  
Cell: (602) 571-6189

---

**From:** Ossmann, Tom [mailto:tossmann@asilink.com]  
**Sent:** Monday, March 24, 2008 2:12 PM  
**To:** Quartuccio, John <FMCSA>  
**Cc:** Bosy, Stephen; pathincks@shlawfirm.com  
**Subject:** RE: US Customs Notification

Dear Mr. John Quartuccio,

I am writing to let you know that American Service Insurance has extended its program manager agreement with UMG/NAFTA which would, at this time, allow for the issuing of insurance certificates with policy terms ranging from 1 day to 6 months for commercial policies and from 1 day to 1 year for personal auto policies.

Please contact me if you have any questions about this. Thank you.

Sincerely,

Tom Ossmann  
President and CEO  
American Service Insurance  
[tossmann@asilink.com](mailto:tossmann@asilink.com)  
(847) 472-6840

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4/14/2008



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**Janet Cerceo**

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**From:** Alicia [annam@villalbagroup.com]  
**Sent:** Tuesday, March 25, 2008 12:18 PM  
**To:** Ossmann, Tom  
**Cc:** Danny T. Hernandez  
**Importance:** High

Dear Tom:

I'm glad that everything got resolved. I really appreciate your help with these matters. I will also be on top of Danny to make sure that he gets those reports to you all.

On another note, I will probably be traveling to NYC early next week. I would like to stop off in Chicago before arriving to see if you, Steve and the rest of your team would be available for dinner. It's important to let bygones be bygones and continue with our friendship.

Sincerely,

Ramon A. Villarreal

4/14/2008

**Janet Cerceo**

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**From:** Ossmann, Tom [tossmann@asilink.com]  
**Sent:** Friday, March 28, 2008 3:56 PM  
**To:** Alicia; Daniel T. Hernandez  
**Subject:** injunction update  
**Attachments:** AGREEDPERMANENTINJUNCTION 3 28 08a.doc

Good afternoon Ramon and Danny,

Here is a copy of the agreed injunction we tried to file today. As you can see it follows the terms of the agreement we already signed, but Mike Scotti this morning said he could not agree to it (as I understand from our atty). If you have not already been able to reach Mike Scotti, please do. He needs to represent that you do in fact agree. I understand he'll be gone till 4/7 and we want to get this done by 3/31. Thanks for your effort on this.

Tom Ossmann  
President and CEO  
American Service Insurance  
[tossmann@asilink.com](mailto:tossmann@asilink.com)  
(847) 472-6840

4/14/2008

**Janet Cerceo**

---

**From:** Daniel T. Hernandez [dthernandez@naftageneral.com]  
**Sent:** Friday, March 28, 2008 4:05 PM  
**To:** Ossmann, Tom  
**Subject:** RE: injunction update

I appreciate everything, Tom. I am working on all of the reports and deposits and will have them out to you all by Monday at the latest. As I said before, I am being pulled from all sides this week and there is only one of me (unfortunately). Have a good weekend...

---

**From:** Ossmann, Tom [mailto:tossmann@asilink.com]  
**Sent:** Friday, March 28, 2008 4:01 PM  
**To:** Daniel T. Hernandez  
**Subject:** RE: injunction update

Danny,

Thanks for your help. I spoke with Ramon this afternoon and they did in fact speak last night. However, Scotti did not show to court today – Ramon told me he'd call Scotti again to straighten out. I emailed now to send the copy so you can see it with your own eyes to be able to confidently tell Scotti your position. Thanks.

---

**From:** Daniel T. Hernandez [mailto:dthernandez@naftageneral.com]  
**Sent:** Friday, March 28, 2008 4:01 PM  
**To:** Ossmann, Tom; 'Alicia'  
**Subject:** RE: injunction update

Tom:

It was my understanding that Ramon had already spoken to Mike Scotti last night concerning this. I will follow-up with him.

Thanks,  
 Danny

---

**From:** Ossmann, Tom [mailto:tossmann@asilink.com]  
**Sent:** Friday, March 28, 2008 3:56 PM  
**To:** Alicia; Daniel T. Hernandez  
**Subject:** injunction update

Good afternoon Ramon and Danny,

Here is a copy of the agreed injunction we tried to file today. As you can see it follows the terms of the agreement we already signed, but Mike Scotti this morning said he could not agree to it (as I understand from our atty). If you have not already been able to reach Mike Scotti, please do. He needs to represent that you do in fact agree. I understand he'll be gone till 4/7 and we want to get this done by 3/31. Thanks for your effort on this.

Tom Ossmann  
 President and CEO  
 American Service Insurance  
[tossmann@asilink.com](mailto:tossmann@asilink.com)  
 (847) 472-6840

4/14/2008

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**Janet Cerceo**

---

**From:** Ossmann, Tom [tossmann@asilink.com]  
**Sent:** Monday, March 31, 2008 10:46 AM  
**To:** Alicia  
**Subject:** update on injunction

Good morning, Ramon,

I spoke with our attorney just now. He relayed that Mike Scotti said as of 6PM last Friday, he had not heard from you. When you and I spoke Friday, the goal was to give Mike Scotti authorization to enter the agreed injunction no later than today, 3/31 (I had sent a copy to you for review). As we discussed, we would like to take care of this today. It was my understanding that you were going to take care of this with Mike Scotti Friday. Will you be able to make this happen today? In addition, the January bordereau payment is now 30 days past due, the February report has yet to be received (with payment on it due tomorrow), and the next payment in connection with the settlement agreement itself is due tomorrow. Please provide an update as we need to evaluate our position as to where we are going from here. Thank you.

Sincerely,

Tom Ossmann

4/14/2008

**Janet Cerceo**

---

**From:** Alicia [annam@villalbagroup.com]  
**Sent:** Monday, March 31, 2008 1:12 PM  
**To:** Ossmann, Tom  
**Importance:** High

Dear Tom:

This is very strange to me that Pat told you that Mike Scotti had not heard from me. When you called Danny on Thursday night that Mike Scotti needed to talk to me, Danny called me and I immediately spoke to Mike Scotti at 7 PM on Thursday of last week. Mike Scotti told me that he had already spoken to Pat that Thursday and that they had already solved the situation as of 5 pm that day. You and I spoke on Friday and I told you that I was going to talk to Mike Scotti to see if anyone else in his office can appear in court while he is on vacation. The reason why the bordereau is past due is because we only solved our settlement agreement no more than two weeks ago. The January bordereau payment will be taken care of this week plus the additional \$50,000 that is due on April 1. Please consider that for the past two weeks we have been negotiating the settlement agreement which is why all of these other items have gotten behind. We will also be submitting the February bordereau this week as we are finally catching up after so many months of litigation.

After what you and I have done recently to intervene in this situation and to get it settled the only direction that we are going is in a positive direction. We both have expended too much energy to get all of this to an amicable resolution. I will be in contact with our law firm today to see if we can get all of this taken care of by today or tomorrow. I have also discussed the reporting issues with Danny and he is getting all of the information together. The funds will also be forthcoming in the next few days. You and I have worked very hard to get this deal to go through and my only intention is to abide by our obligations. We have spent too much time in court recently and there is no reason to go back. We will work with you to make sure that everything is taken care of.

I will update you once I receive more information.

Sincerely,

Ramon A. Villarreal

4/14/2008

**Janet Cerceo**

---

**From:** Daniel T. Hernandez [dthernandez@naftageneral.com]  
**Sent:** Tuesday, April 01, 2008 2:18 PM  
**To:** Ossmann, Tom  
**Cc:** annam@villalbagroup.com  
**Subject:** Pending Items

Tom:

It was good talking to you this afternoon. I am copying Ramon on this email because I want to make sure that he is informed about everything. It is my understanding that he is out of town right now but I am sure that his secretary will relay this message to him.

I understand that Ramon spoke to Mike Scotti late in the afternoon. Mike is on vacation in Hawaii but Ramon was able to track him down. Mike explained that he doesn't have anyone to go down to the court house in his representation but that he will get this done on Monday with Pat, your attorney, so that the settlement agreement is filed.

As far as the reports are concerned, January has already been submitted. There were a few errors due to all of the new agreements that we have entered into but I finally got the corrected report to Mike Suerth late yesterday. I will make sure that it is funded this week along with the \$50,000 that was due today. I apologize for the delays but it has been extremely hectic around here lately. I am also working on the February reports and I will have them to you all by the end of the week. I will also get them funded next week so that we are all caught up.

As you and I agreed on the phone today, we have all worked very hard to get this settlement agreed to. The main reason for this agreement going through was because we put the attorneys aside and you and Ramon were able to come to an agreement as businessmen and friends as opposed to having attorneys try and "hash" this out. I applaud both you and Ramon for your efforts and I assure you that all of this will be taken care of before the end of next week.

Tom, I enjoyed speaking to you today and I am sure that we will be in contact in upcoming days.

Thanks,  
Danny

Daniel T. Hernandez  
Director of Operations  
Nafta General Agency, Inc.  
P.O. Box 4532  
Brownsville, TX 78523-4532

(956) 546-8141 Ext. 107  
(956) 546-8136 (FAX)

Email: dthernandez@naftageneral.com

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4/14/2008



## **EXHIBIT C**

## Pat Hincks

---

**From:** Scotti, III, Michael J. [mscottii@freebornpeters.com]  
**Sent:** Monday, April 14, 2008 2:47 PM  
**To:** pathincks@shlawfirm.com  
**Subject:** ASI v. NAFTA General et. al.

Pat,

When we spoke earlier today and last week, you told me you would forward to me email communications between my clients and ASI that would have bearing on the circumstances of the purported settlement. I was expecting those, as promised, no later than 1:30 today. (I am now leaving for a meeting outside the office and won't be back in until morning.) Despite not having received those emails, I am sending you written notification of my clients position regarding the document your client provided my clients to sign.

My clients NAFTA General, Underwriters MGA, and Ramon Villarreal reject the settlement agreement that bears their signatures and refuse to agree to a permanent injunction proposed by you based upon the following:

1. Individuals from ASI told my clients that the purported settlement document was approved by myself and ASI counsel;
2. My clients relied upon those statements, without reading the document or checking with me, and executed the document;
3. The document was not ever sent to the Mexican Entities. Instead, just the signature pages were sent and they have apparently relied upon oral representations as to the documents content.
4. Based upon the explanation to the Mexican Entities of the contents of the settlement document, I have been told they are under the false impression the document allows them until May 31, 2008 to sell ASI policies; and
5. I have never spoken to a representative of or attorneys for the Mexican Entities, nor have they reached out to me. As a result, I cannot represent they have agreed to any portion of the document or that the signatures on the document were made by individuals with authority to bind them.
6. Finally, even if the settlement agreement was valid, the last proposed "agreed" injunction you sent me contains incorrect information and is not entirely consistent with the purported settlement document.

As we discussed earlier, feel free to file a motion to have the injunction entered. We will request time to respond accordingly. Moreover, my clients intend to seek the return of monies paid to ASI as part of the "settlement" - whether by LOC or otherwise - and defend the action as originally filed by ASI. The Mexican entities can pursue ASI's perceived breaches in what ever manner they choose, as I do not represent them. Given that I am unaware of any conversation either you or your clients have had with the Mexican entities regarding settlement, good luck using that document as a defense to their claims in a Mexican court of law.

If your client is willing to finish settlement negotiations in good faith where you and I left off, please advise and so we can pursue that path.

Mike

Michael J. Scotti, III

4/14/2008

Freeborn & Peters

312-360-6374 mscotti@freebornpeters.com

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## **EXHIBIT D**

**IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION**

AMERICAN SERVICE INSURANCE )  
COMPANY, an Illinois insurance company, )  
 )  
Plaintiff, )  
 )  
v. )  
 )  
NAFTA GENERAL AGENCY, a Texas, )  
Corporation, UNDERWRITERS MGA, Inc., )  
a Texas corporation, and RAMON VILLARREAL, )  
an individual, )  
 )  
Defendants. )

Case No. 08 CV 443

Judge David H. Coar

**AGREED ORDER FOR PERMANENT INJUNCTION**

This Matter coming to be heard pursuant to American Service Insurance Company's Motion for Preliminary Injunction pursuant to Rule 65 of the Federal Rules of Civil Procedure, all parties identified in paragraph B below, having been notified, and having submitted to the jurisdiction of this Court, the Court having been apprised in the premises, and the parties identified in paragraph B below, having agreed to the contents of this Agreed Order for Permanent Injunction,

A. The Court finds that this Court has jurisdiction over the subject matter of this action;

B. The Court finds that the following persons have submitted themselves to the jurisdiction of this Court including for the purpose of entering into this Agreed Permanent Injunction: AMERICAN SERVICE INSURANCE COMPANY ("ASI") (also referred to as "party of the first part", and NAFTA GENERAL AGENCY, a Texas corporation ("NAFTA"), UNDERWRITERS MGA, Inc., a Texas corporation (UMGA"),

ALMEX SEGUROS, S.A. de C.V. ("ALMEX"), ASESORES de RIESGOS INTERNACIONALES DE MEXICO, S.A. de C.V. ("ARIMEX"), ASESORES de RIESGOS INTERNACIONALES, S.A. de C.V., ("INTERNATIONAL"), International Underwriters General Agency, Inc. ("IUGA"), EAGLE MGA, INC., a Texas corporation, RAMON VILLARREAL, DANIEL HERNANDEZ, ALEJANDRO VILLARREAL, ALBERTO VILLARREAL, LUPITA PELACHE (referred to collectively as "parties of the second part."),

IT IS THEREFORE HEREBY ADJUDGED, ORDERED AND DECREED AS FOLLOWS:

1. The parties of the second part shall be enjoined, restrained and prohibited from soliciting, selling, issuing or renewing any insurance policy to be issued by ASI per the PMA non resident program after April 15, 2008.

2. The parties of the second part shall be enjoined, restrained and prohibited from exercising any binding authority under the Texas Private Passenger Auto Insurance Program or any other program as of May 11, 2008, without further notice.

3. The parties of the second part shall be enjoined restrained and prohibited from extending or seeking an extension of binding authority and from challenging the validity of the suspension of binding authority date of April 15, 2008, for policies issued per the PMA non resident program, and May 11, 2008 for any other insurance policy issued by ASI.

4. ASI and only ASI may, in its sole and absolute discretion, elect to allow policies under the PMA nonresident program to be issued by parties of the second part after April 15, 2008 and until May 31, 2008, but the parties of the second part are enjoined, restrained and prohibited from challenging ASI's use of the discretion exercised

pursuant to this paragraph.

5. Regardless of whether ASI affords the parties of the second part additional binding authority after April 15, 2008, in its sole and absolute discretion, the parties of the second part shall be enjoined, restrained and prohibited from soliciting, selling, issuing or renewing ASI insurance policies under the PMA beyond May 31, 2008, under any circumstances.

6. The parties of the second part, including but not limited to, ALMEX, ARIMEX, INTERNATIONAL and IUGA, shall forward all premiums and fees generated in connection with the solicitation, sale, issuance or renewal of any insurance policy issued per the PMA to ASI monthly consistent with the terms of the November 15, 2007, letter sent from ASI to Underwriters MGA, which said letter specified that 100% of all premiums and fees generated by Policies written by NAFTA/UMGA shall be sent to ASI. The monthly payments of all fees and premiums generated shall be payable regardless of whether or not they are received by the parties of the second part. The rates charged for any nonresident program business shall be based upon the November 15, 2007, rate pages as referenced in the November 15, 2007 Letter from ASI to UMGA.

7. The parties of the second part operating pursuant to this Agreed Permanent Injunction are enjoined, restrained, and prohibited from issuing any commercial policy for a term exceeding six months.

8. ASI shall retain at all times sole and exclusive binding authority as to any commercial policies written during any period of continuation of the PMA Nonresident Program.

9. Except to the extent that the parties of the second part are expressly

permitted to issue ASI policies during a period of continuation of the PMA Nonresident Program, any documents purporting to be ASI policies or certificates that are issued by the parties of the second part as to the PMA Nonresident Program are null and void.

10. Parties of the second part shall forward all copies of Policy records for the Nonresident program per the PMA to ASI by August 31, 2008. Parties of the second part shall forward all copies of Policy records for the Eagle nonstandard program to ASI by August 9, 2008.

11. Parties of the second part are enjoined, restrained and prohibited from the filing of any and all new lawsuits of any kind related in any way to the PMA or the termination of the PMA or events arising out the PMA and its termination by ASI between and among or against the parties to this Agreement, including but not limited to any claims of business defamation, tortious interference, wrongful termination or any other related suit of any kind including against ASI, or any of its affiliates or parent company, Kingsway Financial Services, Inc., or any of its subsidiaries or affiliates.

12. This Court shall retain personal and subject matter jurisdiction over ASI and parties of the second part for the purpose of enforcing the terms of the settlement agreement entered on March 14, 2008 and for enforcing the provisions of this Agreed Permanent Injunction.

13. ASI's lawsuit against Defendants NAFTA, UMGA and Ramon Villarreal is hereby dismissed with prejudice.

[continued on next page]



Dated: April \_\_, 2008.

ENTERED:

---

United States District Court Judge

*Order prepared by:*  
Patrick M. Hincks  
Desmond Patrick Curran  
Matthew P. Barrette  
Sullivan Hincks & Conway  
120 W. 22<sup>nd</sup> Street, Suite 100  
Oak Brook, IL 60523